

S U S A N
C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

P.O. Box 13528 • AUSTIN, TX 78711-3528



April 11, 2014

Business Name
Address
City, State Zip

Texas Taxpayer Number:

Dear Taxpayer:

This letter is to notify you that the Sexually Oriented Business Fee imposed by Chapter 102 of the Business and Commerce Code is still owed. Any claim that ongoing litigation is a basis for nonpayment of the Sexually Oriented Business Fee is not valid. See, e.g., Tex. Tax Code § 112.057 requiring continued tax payments during an appeal.

On Aug. 26, 2011, the Supreme Court of Texas reversed the ruling in *Combs v. Texas Entertainment Association, Inc.* by the Texas Court of Appeals, and held that the Sexually Oriented Business Fee does not violate the First Amendment of the U.S. Constitution. The Court remanded the case to the trial court to address issues that the plaintiff raised under the Texas Constitution that had not been resolved. On July 9, 2012, the District Court ruled that the fee is valid under the Texas Constitution. The plaintiffs' request for a permanent injunction against enforcement of the fee was denied because the Court determined that the fee is constitutional and enforceable. Therefore, as noted above, the fee is still due and payable since there is no basis to withhold payment.

The law requires the Sexually Oriented Business Fee to be reported and paid the 20th day of the month following a calendar quarter. This law was effective Jan. 1, 2008, and the first report and fee under this law were due April 21, 2008. All past due reports and fees are due and payable immediately; however, reports and fees filed and paid by July 21, 2014, will be considered timely. Report forms are online at www.window.state.tx.us/taxinfo/taxforms/42-forms.html.

Additional information about the Sexually Oriented Business fee is available online at www.window.state.tx.us/taxinfo/sobus_fee/index.html. Reports, for the filing of past reporting periods, can be found at www.window.state.tx.us/taxinfo/taxforms/42-100.pdf. If you have additional questions or need further assistance, please call me at 800-531-5441, extension 3-4921.

Sincerely,

A handwritten signature in black ink, appearing to read "Winfred Kang".

Winfred Kang
Program Specialist
Tax Policy Division